

FISCAL MEMORANDUM

HB 2440 – SB 3250

May 13, 2008

SUMMARY OF AMENDMENTS (014523, 018313): Amendment 014523 adds a fourth local education agency (LEA) with the fourth highest number of students eligible for free and reduced lunch to the Education Pays pilot program. Reduces the number of students eligible for the program in the LEA with the highest number of students eligible for free or reduced lunch from 200 students to 175 students. Reduces the number of students eligible for the program in the LEA with the second highest number of students eligible for free or reduced lunch from 75 students to 50 students. Defines grade average as that average made by a student in the subjects of mathematics, science, English, history, and foreign language during the semester for which the average is computed. Amendment 018313 adds private funding to appropriations in the general appropriations act or funds remaining from the FY07-08 community enhancement grants to the sources of funding for the Education Pays Pilot Program.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$97,500

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures – \$97,500

Other Fiscal Impact – To the extent that funds are received from a private source, state expenditures will decrease by the amount of private contributions. The amount of any private contributions cannot reasonably be estimated.

Assumptions applied to amendments:

- This program provides monetary awards of \$100 per student and \$50 per household.
- According to the Department of Education, the four largest school systems with the highest number of children eligible for free and

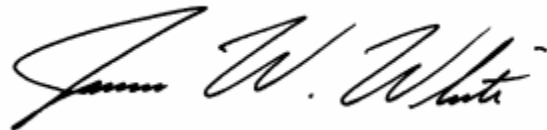
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reduced lunch are 1) Memphis City, 2) Davidson County, 3) Knox County, and 4) Hamilton County.

- A total of 325 students will be eligible for this program, 175 students from Memphis City and 50 students from the other three districts. The total cost for monetary payments to students will be approximately \$65,000 ($325 \times \$100 \times 2 \text{ semesters} = \$65,000$). The cost for monetary payments to student households is approximately \$32,500 ($325 \times \$50 \times 2 \text{ semesters} = \$32,500$). The total increase in state expenditures will be \$97,500 ($\$65,000 + \$32,500 = \$97,500$)
- The \$50 payment to parents or guardians will be done on a per household basis rather than a per parent basis.
- According to the Secretary of State, all community enhancement grant funds will be expended by June 30, 2008. If any such funds remain as of June 30, they will revert to the state treasury as of that in the absence of this bill.
- There is no basis upon which a reasonable estimate of any private funding can be made.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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